

REPORT OF FINAL APPROVAL OF SETTLEMENT
AGREEMENTS AUTHORIZED IN CLOSED SESSION

DESCRIPTION: County of Los Angeles, et al. v. Kernview Oil Corporation, et al.
Los Angeles Superior Court No. BC 272310

On July 1, 2003, in closed session (Item CS-5), the Board of Supervisors approved settlement agreements relating to the subject litigation with Kernview Oil Corporation (Kernview), Pacific Energy Resources (PER), Sunset Pipeline and Terminalling, Inc. (Sunset) and the Water Replenishment District of Southern California (WRD). The authorized agreements became effective on July 9, September 16, December 5, and December 22, 2003, respectively, following execution by parties involved.

The settlement agreements provide for each of the oil companies to terminate their respective oil operations within the Whittier Narrows Basin, plug and abandon their respective oil wells, remove all above-ground pipelines and equipment and abandon all sub-surface pipelines and equipment in place. In exchange, the settlement agreements provide for the Los Angeles County Flood Control District (LACFCD) to deposit the amounts of \$335,000 (Kernview), \$1,200,000 (PER) and \$1,190,000 (Sunset) into escrow accounts, to be withdrawn by the respective oil companies, periodically, as the abandonment work progresses.

The agreement with WRD provides for WRD to make annual payments to the LACFCD, in an amount that varies in proportion to the amount of storm water runoff conserved at the water conservation pool operated by LACFCD at the Whittier Narrows Basin, up to a total amount equal to one-half of total of all settlement amounts paid by LACFCD in the Whittier Narrows Litigation.

The settlements were authorized by the following vote:

Ayes: Supervisors Molina, Yaroslavsky, Knabe, Antonovich and Burke

Noes: Supervisor(s) None

Absent: Supervisor(s) None

Violet Varona-Lukens

VIOLET VARONA-LUKENS
Executive Officer, Board of Supervisors

